

Charles R. Jacob III (CJ-4143)
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07 CV 5706

JUDGE MARRERO

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

TERWIN ADVISORS LLC,

Plaintiff,

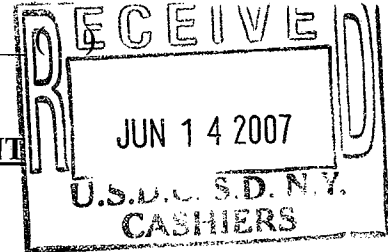
-against-

INVESTAID CORPORATION,

Defendant.

07 Civ. _____

COMPLAINT



Plaintiff Terwin Advisors LLC ("Terwin"), by its attorneys Miller & Wrubel P.C., as and for its Complaint against defendant alleges as follows:

**ALLEGATIONS COMMON TO
ALL CAUSES OF ACTION**

The Parties

1. Terwin is a limited liability company organized under the laws of the State of Delaware with its principal place of business at 45 Rockefeller Plaza, Suite 420, New York, New York 10111. Terwin is engaged in the business of, inter alia, purchasing, trading and securitizing mortgages.
2. None of Terwin's members is a citizen of the State of Michigan.
3. On information and belief, defendant Investaid Corporation ("Investaid") is a corporation organized under the laws of the State of Michigan with its principal place of business at 24315 Northwestern Highway, Suite 100, Southfield,

Michigan 48075. On further information and belief, Investaid is engaged in the business of, inter alia, originating and selling mortgages.

Jurisdiction and Venue

4. This Court has subject matter jurisdiction of this action pursuant to 28 U.S.C. § 1332(a), as the matter in controversy exceeds the sum of \$75,000, exclusive of interest and costs, and is between citizens of different states.

5. Venue in this District is proper pursuant to 28 U.S.C. § 1391 because Investaid consented to venue in this Court, a substantial part of the events and omissions giving rise to the claim occurred in this District, a substantial part of the property that is the subject of this action is situated in this District and Investaid is subject to personal jurisdiction in this District.

6. Investaid is subject to personal jurisdiction in this Court because, as more fully set forth below, it consented to jurisdiction in the State and County of New York, transacted business in the State of New York and contracted to supply goods and services in the State of New York.

**Investaid's Breach of
the Purchase Agreement**

A. The Purchase Agreement

7. On or about May 4, 2006, Terwin and Investaid entered into a Seller's Purchase, Warranties and Interim Servicing Agreement (the "Purchase Agreement").

8. In the Purchase Agreement, Terwin and Investaid contracted for Investaid to sell to Terwin certain Mortgage Loans (as defined in the Purchase Agreement), subject to the terms and conditions in the Purchase Agreement, and

Investaid agreed to repurchase those Mortgage Loans under the circumstance referred to as “Early Payment Default” or “EPD”.

B. Consent to Jurisdiction

9. In the Purchase Agreement, Investaid expressly consented and submitted to the “exclusive general jurisdiction of the courts of the State of New York sitting in the Borough of Manhattan,” and waived any objection that this Court is an inconvenient forum. Moreover, the Purchase Agreement (a) was negotiated in material part in the State of New York, (b) required performance by Investaid in the form of the delivery of documents and funds, and the benefits of mortgage servicing, to Terwin at its offices in the State of New York, and (c) chose New York law as governing law for the Purchase Agreement.

C. Investaid’s Default in Its Obligation to Repurchase Early Payment Default Loans

10. Pursuant to § 3.05 of the Purchase Agreement, entitled “Repurchase of Mortgage Loans With Early Payment Defaults,” Investaid agreed to repurchase from Terwin certain Mortgage Loans (“Early Payment Default Loans” or “EPD Loans”) as to which there occurred payment defaults within three months after the Closing Date (as defined in the Purchase Agreement) for such Mortgage Loans. Section 3.05 of the Purchase Agreement provides as follows:

If (a) a Mortgagor is thirty (30) days or more delinquent with respect to any of the first three (3) Monthly Payments due on the related Mortgage Loan immediately following the applicable Closing Date or (b) a Mortgage Loan is in bankruptcy or litigation within the first three (3) months immediately following the applicable Closing Date, the Seller [Investaid], at the Purchaser’s option, shall promptly repurchase such Mortgage Loan from the Purchaser within five (5) Business Days of

receipt of written notice from the Purchaser, in accordance with the procedures set forth in Section 3.03 hereof, however, any such repurchase shall be made at the Repurchase Price.

11. Thus, the Purchase Agreement expressly and unambiguously gave Terwin the right to cause Investaid to repurchase, and imposed on Investaid the obligation to repurchase, at the Repurchase Price, any Early Payment Default Loans as to which Terwin requested repurchase.

12. Certain of the Mortgage Loans that Terwin purchased from Investaid pursuant to the Purchase Agreement, which Mortgage Loans are identified on Exhibit A hereto, were Early Payment Default Loans, that is, Mortgage Loans as to which (a) a Mortgagor (as defined in the Purchase Agreement) was thirty (30) days or more delinquent with respect to any of the first three (3) Monthly Payments due on the related Mortgage Loan immediately following the applicable Closing Date or (b) the Mortgage Loan was in bankruptcy or litigation within the first three (3) months immediately following the applicable Closing Date.

13. The Mortgage Loans listed on Exhibit A hereto are all Early Payment Default Loans as defined in the Purchase Agreement.

14. Commencing in or about October 2006, and continuing through May 21, 2007, Terwin gave Investaid written notice of such Early Payment Default Loans and exercised Terwin's option to require Investaid to repurchase such Early Payment Default Loans, all in accordance with the terms of the Purchase Agreement.

15. Terwin stood ready, willing and able, at all relevant times, to reconvey the Mortgage Loans on Exhibit A to Investaid.

16. Investaid did not repurchase the Early Payment Default Loans listed on Exhibit A hereto as requested by Terwin. Therefore, Investaid is in breach of its obligations under the Purchase Agreement.

AS AND FOR A FIRST CAUSE OF ACTION
(Breach of Contract – Damages for Failure
to Repurchase Early Payment Default Loans)

17. Terwin repeats and realleges the allegations of paragraphs 1 - 16, above, as if fully set forth herein.

18. The Mortgage Loans that are the subject of this action are set forth on Exhibit A.

19. Investaid's failure to repurchase the Early Payment Default Loans listed on Exhibit A hereto, was and is a breach of the Purchase Agreement.

20. Terwin is entitled, by means of an award of damages, to be put in the same position economically that it would have been in had Investaid performed its repurchase obligations under the Purchase Agreement.

21. The aggregate realized losses suffered by Terwin for the Early Payment Default Loans, with interest through May 31, 2007, was not less than \$574,861, no part of which has been paid despite demand therefor.

22. The aggregate Repurchase Price due and owing to Terwin for the remaining Early Payment Default Loans as to which no loss has been realized, as of May 31, 2007, was \$2,884,907, no part of which has been paid despite demand therefor.

23. Absent Investaid's repurchase of the Early Payment Default Loans from Terwin, Terwin's damages will continually increase due to the accrual of interest on outstanding Early Payment Default Loan balances at the related Mortgage Interest Rate

(as defined in the Purchase Agreement), and the expenses of owning and servicing Mortgage Loans.

24. By reason of this breach of contract, Investaid is liable to Terwin in an amount to be determined but not less than \$3,459,768, plus interest at the statutory rate of 9% from the date(s) of breach until the date of judgment. Terwin hereby tenders to Investaid the Mortgage Loans as to which a loss has not yet been realized, as set forth on Exhibit A, in return for payment of the Full Repurchase Price. Alternatively, Terwin demands judgment for its damages suffered with respect to each and every Mortgage Loan on Exhibit A not repurchased by Investaid.

AS AND FOR A SECOND CAUSE OF ACTION
(Indemnification – Legal Fees and Related Costs)

25. Terwin repeats and realleges the allegations of paragraphs 1 – 24, above, as if fully set forth herein.

26. Pursuant to § 8.01 of the Purchase Agreement, Investaid expressly and unambiguously agreed to indemnify Terwin and hold Terwin harmless “against any and all . . . losses, damages, . . . legal fees and related costs . . . and any other costs, fees and expenses that the Purchaser [Terwin] may sustain in any way related to (i) the failure of the Seller [Investaid] to observe and perform its duties, obligations, and covenants in strict compliance with the terms of this Agreement”

27. Pursuant to § 8.01 of the Purchase Agreement, Investaid’s indemnity obligation expressly includes the legal fees and court costs, and all other costs, fees and expenses, that Terwin has incurred, is incurring and will incur in connection with Investaid’s failure to observe and perform its obligation to repurchase Early

Payment Default Loans as set forth above, including but not limited to all attorneys' fees, court costs and other expenses incurred in this action.

28. Pursuant to § 8.01 of the Purchase Agreement, Investaid is liable to Terwin for all of Terwin's legal fees and related costs, and all other costs, fees and expenses that Terwin has incurred, is incurring and will incur in connection with Investaid's failure to observe and perform its obligation to repurchase Early Payment Default Loans pursuant to the Purchase Agreement, including but not limited to all attorneys' fees, court costs and other expenses incurred in this action, plus interest at the applicable statutory rate in New York of 9% per annum from the date each such damage or cost was incurred to the date of judgment in this action.

WHEREFORE, Terwin demands judgment in its favor and against Investaid as follows:

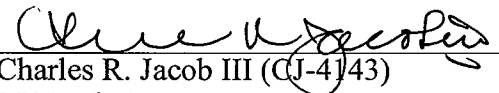
- (i) on its First Cause of Action, awarding Terwin as against Investaid an amount to be determined but not less than \$3,459,768, plus interest at the statutory rate of 9% from the date(s) of breach until the date of judgment, in return for which payment Terwin tenders the Mortgage Loans on Exhibit A as to which no loss has been realized, or, alternatively, Terwin's damages incurred as to each such Mortgage Loan as a result of Investaid's failure to repurchase it;
- (ii) on its Second Cause of Action, awarding Terwin all Terwin's legal fees and related costs, and all other costs, fees and expenses that Terwin has incurred, is incurring and will incur in connection with

Investaid's failure to observe and perform its obligation to repurchase Mortgage Loans pursuant to the Purchase Agreement, including but not limited to all attorneys' fees, court costs and other expenses incurred in this action, plus interest at the applicable statutory rate in New York of 9% per annum from the date each such damage or cost was incurred to the date of judgment in this action; and

- (iii) granting such other or further relief as the Court may deem just and proper in the circumstances.

Dated: June 14, 2007

MILLER & WRUBEL P.C.

By: 
Charles R. Jacob III (CJ-4143)
250 Park Avenue
New York, New York 10177
(212) 336-3500

Attorneys for Plaintiff
Terwin Advisors LLC

Exhibit A

Exhibit A				
5/31/2007				
TWG#	last name	lien	realized loss	repurchase total
302728240	ALLARD	2	21,310.00	cannot repurchase, realized loss
302728254	WYLIE	2	14,246.00	cannot repurchase, realized loss
302728255	KLINE	2	22,235.00	cannot repurchase, realized loss
302728273	GRIMES	2	26,976.00	cannot repurchase, realized loss
302728292	FUGATE	2	27,274.00	cannot repurchase, realized loss
302728305	MCNULTY	2	29,822.00	cannot repurchase, realized loss
302728311	PIGOTT	2	22,457.00	cannot repurchase, realized loss
302728320	KUB	2	27,852.00	cannot repurchase, realized loss
302931827	HOPSON	2	12,488.00	cannot repurchase, realized loss
302931836	HUTCHINSON	2	17,501.00	cannot repurchase, realized loss
302931843	FERREIRA	2	11,807.00	cannot repurchase, realized loss
302931846	ONESLAGER	2	21,116.00	cannot repurchase, realized loss
302931847	MOORE	2	12,358.00	cannot repurchase, realized loss
302931853	WILLIAMS	2	12,258.00	cannot repurchase, realized loss
302931871	BROOKS	2	26,392.00	cannot repurchase, realized loss
302931875	WILLIAMS	2	10,234.00	cannot repurchase, realized loss
302931881	NOLEN	2	19,229.00	cannot repurchase, realized loss
302931893	SIMMONS	2	22,770.00	cannot repurchase, realized loss
302931898	DRAKE	2	21,328.00	cannot repurchase, realized loss
302931902	BOYLE	2	15,110.00	cannot repurchase, realized loss
302931905	BRADEN	2	27,614.00	cannot repurchase, realized loss
302728180	MCGRAIL	2	28,864.00	cannot repurchase, realized loss
302728216	DRAKE SR	2	21,663.00	cannot repurchase, realized loss
302728225	KUB	1	49,678.00	cannot repurchase, realized loss
302728299	BUITRON	2	52,279.00	cannot repurchase, realized loss
302931889	ROBBINS	2		\$ 26,364
302931855	BECK	2		\$ 33,171
302931869	GARCIA	2		\$ 31,319
302728116	ZAWINSKY	1		\$ 218,723
302728245	MARTIN	2		\$ 15,342
302728256	YANISH	1		\$ 202,892
302728259	INMAN	1		\$ 107,547
302728262	WILSON	2		\$ 22,039
302728269	TRAPISS	2		\$ 32,698
302728278	YANISH	2		\$ 52,362
302728302	WARE	2		\$ 87,106
302728304	HUDSON	2		\$ 24,011
302728309	INMAN	2		\$ 27,612
302728313	DOMINGUEZ	2		\$ 50,142
302728316	FIELDS	2		\$ 15,864
302728323	WASHINGTON	2		\$ 11,710
302728138	WHITMON	1		\$ 104,175
302728139	HILDRETH	1		\$ 122,183
302728151	SPENCER	2		\$ 17,120
302728153	WILSON	1		\$ 89,352
302728160	HAIRSTON	1		\$ 103,794
302728170	BONE	2		\$ 23,121
302728175	STINSON	1		\$ 66,627
302728181	WARE	1		\$ 340,698
302728195	PIGOTT	1		\$ 108,362
302728209	HUDSON	1		\$ 94,621
302728212	MCNULTY	1		\$ 135,089
302728218	COLLINS	1		\$ 114,318
302728222	BUITRON	1		\$ 218,974
302728231	PORTILLO	2		\$ 62,054
302728252	FIELDS	1		\$ 62,658
302931903	STROUP	2		\$ 31,261

302728148	PARKS	2		\$	29,183
302728211	FUGATE	1		\$	159,522
302728264	HURLEY	2		\$	42,895